

FORM MR-RC (SMO)  
Revised August 9, 2006  
RECLAMATION CONTRACT

Mine Name: NEAL 4

Other Agency File Number:

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

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**SMALL MINE RECLAMATION CONTRACT**

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between ZIEGLER CHEMICAL the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division"). ~~MINERAL CORP.~~

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S0470063 which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling

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DIV. OF OIL, GAS & MINING

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ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
- 3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
  - 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
  - 5. If the Surety expressly provides for cancellation or termination for non-renewal:
    - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
    - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation

obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

ZIEGLER CHEMICAL & MINERAL CORP.  
Operator Name

By CATHERINE DOWLING  
Authorized Officer (Typed or Printed)

VICE PRESIDENT  
Authorized Officer - Position

[Signature] 10/2/08  
Officer's Signature Date

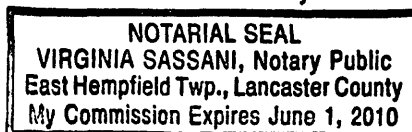
STATE OF Pennsylvania )  
COUNTY OF Lancaster ) ss:

On the 2<sup>nd</sup> day of October, 2008, Catherine A Dowling personally appeared before me, who being by me duly sworn did say that he/she is an officer (owner officer director, partner, agent or other (specify)) of the Operator Ziegler Chemical Mineral Corp. and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors or as may otherwise be required to execute the same with full authority and to be bound hereby.

Virginia Sassani  
Notary Public  
Residing at 804 Estelle Dr. Lancaster, PA

06/01/2010  
My Commission Expires:

Commonwealth of Pennsylvania



DIVISION OF OIL, GAS AND MINING:

By John R. Baza  
John R. Baza, Director

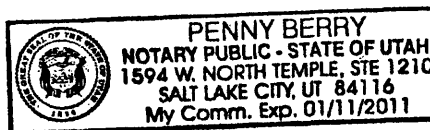
10/16/08  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 16 day of October, 2008, John R. Baza  
personally appeared before me, who being duly sworn did say that he, the said  
John R. Baza is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.

Penny Berry  
Notary Public  
Residing at: Salt Lake

1/11/2011  
My Commission Expires:



FACT SHEET

Commodity: GILSONITE

Mine Name: NEAL 4

Permit Number: S 047 0063

County: UINTAH

Disturbed Acres: .93676

Operator Name: ZIEGLER CHEMICAL & MINERAL

Operator address: 316 N. BROADWAY SUITE 210, JERICHO NY  
11753

Operator telephone: 516-681-9600

Operator fax: 888-208-6240

Operator email: Catherine.Ziegler@comcast.net

Contact: Catherine Ziegler

Surety Type: Surety Bond

Held by (Bank/BLM): Bond Safeguard Insurance Co.

Surety Amount: \$28,800.00

Surety Account Number:                     

Escalation Year: 2011

Tax ID or Social Security (for cash only):                     

Surface owner: SITLA

Mineral owner: SMA

UTU and/or ML number: ML 49730 08A

## **BOND RIDER**

To be attached to and form a part of **Performance and Payment Bond No.** dated **November 26, 2003**, with **Ziegler Chemical & Mineral Corp.**, as Principal, and **Bond Safeguard Insurance Company**, as Surety, in favor of the **State of Utah**, as Obligee and in the amount of **Twenty-Four Thousand & 00/100---(\$24,000.00)---Dollars**.

It is understood and agreed that the Bond is changed or revised in the particulars as indicated below.

**The Bond Penalty is changed;**

**From: Twenty-Four Thousand & 00/100---(\$24,000.00)---Dollars**

**To: Twenty-Eight Thousand, Eight Hundred & 00/100---(\$28,800.00)---Dollars.**

Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: **1st day of October, 2008.**

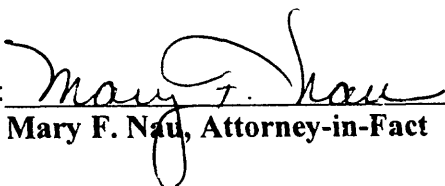
Signed, Sealed and Dated, this **1st day of October, 2008.**

**Ziegler Chemical & Mineral Corp.**  
PRINCIPAL

By: 

**CATHERINE ZIEGLER**  
NAME/TITLE  
**VICE PRESIDENT**

**Bond Safeguard Insurance Company**  
SURETY

By:   
**Mary F. Nau, Attorney-in-Fact**

AO 29407

**POWER OF ATTORNEY**

**Bond Safeguard** INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint: David E. Campbell, Cynthia L. Raftery, Gregory E. Semrow, Lynne K. Hupka Christopher L. Dobbs, Jalene Brown, Robert J. DeLaFontaine, Mary F. Nau (as Employees of Bond Safeguard Insurance Company) \*\*\*\*\*

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surely, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond, \$ 7,100,000.00 Seven million one hundred thousand dollars .....

which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate seal to be affixed this 7<sup>th</sup> day of November, 2001.



**BOND SAFEGUARD INSURANCE COMPANY**

BY \_\_\_\_\_

David E. Campbell  
President

**ACKNOWLEDGEMENT**

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

**"OFFICIAL SEAL"**  
**MAUREEN K. AYE**  
Notary Public, State of Illinois  
My Commission Expires 09/21/09

Maureen K. Aye  
Maureen K. Aye  
Notary Public

**CERTIFICATE**

I, the undersigned, Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 1<sup>ST</sup> Day of OCTOBER, 20 08



Donald D. Buchanan  
Donald D. Buchanan  
Secretary

**ATTACHMENT B**

FORM MR-6  
Joint Agency Surety Form  
(September 2, 2003)

Bond Number \_\_\_\_\_  
Permit Number S/047/063  
Mine Name Neal State #1, 2 & 3  
Other Agency File Number ML47356-OBA

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**Division of Oil, Gas and Mining**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291  
Fax: (801) 359-3940

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**THE MINED LAND RECLAMATION ACT**

DIV OF OIL GAS & MINING

**SURETY BOND**

\*\*\*\*\*

The undersigned Ziegler Chemical & Mineral Corp., as Principal, and Bond Safeguard Insurance Company, as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) and the School Institutional Trust Lands Administration, in the penal sum of Twenty-four Thousand dollars (\$ 24,000).

Principal has estimated in the Mining and Reclamation Plan or Notice approved or accepted by the Division of Oil, Gas and Mining on the 10 day of August, ~~20~~ 2001, that 4.8 acres of land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved / accepted Mining and Reclamation Plan or Notice and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Notice, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the

expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

ZIEGLER CHEMICAL & MINERAL CORP  
Principal (Permittee)

GORDON S. ZIEGLER, JR PRESIDENT  
By (Name and Title typed):

[Signature]  
Signature

12/23/03  
Date

**Surety Company**

Bond Safeguard Insurance Company  
Surety Company Name

1919 S. Highland Ave. A-300  
Street Address

Tammy D. Henkle  
Surety Company Officer

Lombard, IL 60148  
City, State, Zip

Attorney-In-Fact/Underwriting Manager  
Title/Position

630-495-9380  
Phone Number

[Signature]  
Signature

November 26, 2003  
Date

Page 3  
MR-6 Joint Agency Surety Bond  
Attachment B  
(revised September 2, 2003)

Bond Number 1  
Permit Number S/047/063  
Mine Name Neal State #1, 2&3  
Other Agency File Number ML47356-OBA

SO AGREED this 13 day of January, 20 04.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

Lowell P. Braxton  
Lowell P. Braxton, Director  
Utah State Division of Oil, Gas and Mining

\*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

### AFFIDAVIT OF QUALIFICATION

On the 26th day of November, 20 03, Tammy D. Henkle personally appeared before me, who being by me duly sworn did say that he/she, the said Bond Safeguard Insurance Company is the Attorney-In-Fact of Bond Safeguard Insurance Company and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Tammy D. Henkle duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: [Signature]  
Surety Officer

Title: Attorney-In-Fact/Underwriting Manager

STATE OF Illinois )  
COUNTY OF St. Clair ) ss:

Subscribed and sworn to before me this 26th day of November 2003



[Signature]  
Notary Public  
Residing at: Darien, IL

My Commission Expires:

8/22, 2005

POWER OF ATTORNEY

**Bond Safeguard** INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS, that **BOND SAFEGUARD INSURANCE COMPANY**, an Illinois Corporation with its principal office in Lombard, Illinois, does hereby constitute and appoint:

William W. Hector, Michael E. Bruce,

Tammy D. Henkle, or Shelly R. Satek

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **BOND SAFEGUARD INSURANCE COMPANY** on the 7th day of November, 2001 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$500,000.00, Five Hundred Thousand Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.


Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **BOND SAFEGUARD INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 7th day of November, 2001.



**BOND SAFEGUARD INSURANCE COMPANY**

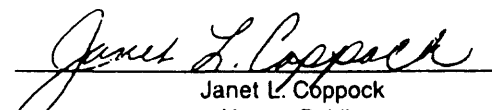
BY

  
David E. Campbell  
President

**ACKNOWLEDGEMENT**

On this 7th day of November, 2001, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **BOND SAFEGUARD INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



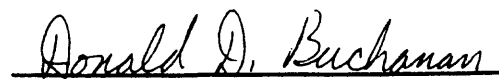
  
Janet L. Coppock  
Notary Public

**CERTIFICATE**

I, the undersigned, Secretary of **BOND SAFEGUARD INSURANCE COMPANY**, An Illinois Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 26th Day of November, 2003



  
Donald D. Buchanan  
Secretary